



VIETNAM DAILY NEWS

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Market Analysis

1. VN-Index dips in bumpy trade with divergence among stocks

Vietnamese stock markets experienced a choppy trading session on Friday as shares encountered correcting pressure with sharper divergence among stocks.

The benchmark VN-Index on the Ho Minh Stock Exchange was down 0.01 per cent to close at 1,181.56 points.

It had moved up 0.7 per cent on Wednesday.

More than 624.7 million shares were traded on the southern bourse, worth VND14.6 trillion (US\$632 million).

Market breadth was negative with 182 gaining stocks and 280 losers.

“The resistance area of 1,185-1,200 point is a strong resistance level for the VN-Index in terms of sentimental and technical factors,” said Bao Viet Securities Company (BVSC).

“Therefore, we believe that the market shall encounter correcting pressure when approaching this zone.

“Overall, the market still fluctuates in the area limited by the upper bound of 1,185-1,200 points and the lower bound of 1,150-1,155 points,” BVSC said.

“Investors should maintain the stock exposure at 50 per cent. After buying at the support zone of 1,150-1,155 points, investors can consider lowering stock proportion when the market approaches the strong resistance zone at 1,185-1,200 points,” BVSC said.

Although foreign investors remained net sellers on both HSX and HNX, their net selling value is declining, said BIDV Securities Co.

“If the trend of net selling continues to decline and market liquidity remains stable, the VN-Index may retest the 1,180-1,200 range in the near future,” the company said.

Foreign investors net sold VND267.36 billion on HOSE, including dairy firm Vinamilk (VNM) (VND117.5 billion), steel maker Hoa Phat Group (HPG) (VND43.7 billion) and Vietcombank (VCB) (VND40.4 billion). They were net sellers on the HNX with the value of VND17.21 billion.

The large-cap tracker VN30-Index lost 0.08 per cent to stay at 1,187.81 points.

Sixteen of the 30 large-cap stocks in the VN30 basket decreased while seven gained ground.

In the VN-30 basket, PetroVietnam Gas JSC (GAS), SSI Securities Inc (SSI), Khang Dien House (KDH) and Mobile World Group (MWG) were among the losers with more than 1 per cent decrease.

On the other side, Thanh Thanh Cong Bien Hoa JSC (SBT) was the strongest gainer with more than 4-per cent increase, VPBank (VPB) advanced more than 1 per cent.

On the Ha Noi Stock Exchange, the HNX-Index rallied 0.14 per cent to end Friday at 273.91 points.

The index had climbed 2.4 per cent to close the session at 273.52 points.

More than 144.5 million shares were traded on the northern market, worth VND2.3 trillion.

Macro & Policies

2. Cashew exports surge 46% over two months

The MARD also revealed that February alone saw processing businesses ship 30,000 tonnes of cashew abroad worth US\$174 million, bringing the export volume during the reviewed period up to 75,000 tonnes.

As of January, the United States, China, and the Netherlands made up the three largest importers of Vietnamese cashew with market shares of 24.4%, 19.2%, and 10.3%, respectively, in terms of the total value of cashew exports.

January witnessed cashew exports enjoy an upward trend in almost all markets, with the exception of the UK, Thailand, and France.

With import demand for raw cashew increasing significantly, the General Department of Vietnam

Customs puts this down to a sharp rise in cashew export volume.

Meanwhile, Vietnamese processors imported 70,000 tonnes of cashew nuts worth US\$90 million in February, raising the total import volume during the two-month period to 194,000 tonnes worth US\$270 million, an annual rise of 82.8% in volume and 53.5% in value.

Cashew nut prices are projected to rise due to limited supplies locally, with the purchase price of raw cashew remaining high.

Alongside advantages in terms of the implementation of free trade agreements (FTAs), industry experts anticipate that the price of cashew nuts will recover during the course of the year.

3. Rooftop solar power to have new price mechanism this month

The Ministry of Industry and Trade (MoIT) will issue a new price mechanism for rooftop solar power this month, with prices likely to fall to below 6 US cents per kWh, according to Hoang Tien Dung, Director of the ministry's Electricity and Renewable Energy Department.

Rooftop solar power will fetch only 5.2-5.8 US cents per kWh, depending on each project, Dung told the media.

The new rates have been calculated based on an assessment by foreign consultants on the changes to and development of renewable energy and the price of solar power equipment in Vietnam and around the world, he said.

Dung added that an estimate of various costs, such as those for initial investment, operations and maintenance, installation, and connection were also taken into account.

The lower price is partly owing to a sharp decline in solar power equipment prices in the recent time.

Solar panels are now far more efficient, allowing more electricity to be produced than previously, he noted, adding that this will be beneficial to investors while the government can take advantage of the increasing supply of clean energy at affordable prices and the falling level of investment required to develop national electricity networks.

He went on to say that, for end-users, the new rates will be much lower than those of Vietnam Electricity (EVN). People and businesses will be encouraged to install rooftop solar panels for their own use, instead of selling all power generated to the national grid to enjoy high returns, he said.

Vietnam expects to produce 25,000-26,000 MW of solar power by 2030.

4. Vietnam to become world's key shrimp producer

Vietnam is expected to become one of the world's top shrimp producers thanks to its positive response to the COVID-19 pandemic and its modern shrimp farming models, according to industry insiders.

Robins McIntosh, Executive Vice President of the Charoen Pokphand Foods Public Company Limited, the largest integrated producer of aquaculture shrimp in the world, said shrimp production in the world grew 6-7 percent amid COVID-19 and disruptions to foodstuff supplies across the globe.

High demand in the long term may possibly prompt shrimp aquaculture to expand 10 percent, he added.

Regarding Vietnam's shrimp sector, he said output has experienced stable growth through the years, from 5-10 percent annually, even 12 percent, due to radical changes in shrimp aquaculture technologies.

In recent years, high-tech shrimp farming models have been developed in the southern and Mekong Delta regions and have yielded higher profits for local farmers.

Under models that use intensive farming, the beds of shrimp breeding ponds are covered with plastic sheets and anti-sunlight nets are hung above. They are also equipped with oxygen-generating facilities.

According to Associate Professor Dr. Chau Tai Tao from Can Tho University, such models are popular in the Mekong Delta. Eighty percent of shrimp farming areas are set aside for wastewater treatment, so these models ensure good quality water for shrimp breeding.

The Ministry of Agriculture and Rural Development said Vietnam is home to more than 200,000 ha of high-tech shrimp farming, 186,000 ha of which is in the Mekong Delta provinces of Bac Lieu and Soc Trang. The two localities have received large

amounts of foreign capital for shrimp processing for export.

High-tech shrimp farming has a success rate of 90 percent and offers far higher profits than traditional shrimp breeding in mud ponds. And the fatality rate among shrimp bred under high-tech models is significantly lower than in traditional farming, local farmers said.

In recent times, Vietnam's shrimp sector has spared no effort to improve its capacity, though it has had to struggle with COVID-19 and serious saline intrusion.

Chairman of the Soc Trang Provincial People's Committee Tran Van Lau said that in a bid to have high-yield shrimp output, the province is applying advanced technologies in shrimp farming, promoting intensive farming, and forming value chains.

In the time to come, it is necessary to raise awareness among local farmers of effective shrimp breeding models, while more attention should be paid to improving human resources to meet the requirements of shrimp farming and processing.

Soc Trang this year targets having 51,000 ha of shrimp breeding area and an output of 172,000 tonnes, Lau added.

Meanwhile, Bac Lieu province, which is striving to become a shrimp breeding hub in Vietnam, is investing in a three-phase electrical power system to serve semi-intensive and intensive shrimp farming areas, and instructing local farmers to apply advanced technologies in shrimp breeding to improve the competitive capacity of local shrimp.

Chairman of the provincial People's Committee Pham Van Thieu said that, last year, the province bred shrimps on an area totalling nearly 130,000 ha, 9,000 ha of which were cultivated under semi-intensive and intensive farming models.

5. International organizations forecast strong growth for Vietnam in 2021

Many international organizations have forecast robust economic recovery for Vietnam in 2021.

The International Monetary Fund (IMF) expects Vietnam's economy to grow 6.5 percent in 2021 despite some economic scarring.

In its 2020 Article IV Consultation report with Vietnam, the IMF said the country's growth is projected to strengthen to 6.5 percent, as normalisation of economic activity continues, businesses recover, and private consumption and business investment rebound.

Per the report, manufacturing and retail sales are expected to lead the recovery, while the travel and hospitality services will remain subdued. Net exports will continue to contribute positively to growth as external demand picks up.

Economic scarring due to disruptions to domestic activity and the labour market will temporarily weigh on potential growth as labour re-allocation gradually takes place, and capital stays idle in the hardest-hit sectors.

The Standard Chartered Bank has forecast Vietnam's economy will grow at 7.8 percent this year with manufacturing driving the revival.

Meanwhile, a preliminary assessment by the ASEAN 3 Macroeconomic Research Office (AMRO) said the nation's GDP growth will rebound to 7 percent this year, driven by a recovery in external demand, a resilient domestic economy, and increased production capacity.

Market researcher Fitch Solutions expects that Vietnam's economy will grow 6.5 percent each year over the course of the next 10 years as the Government diversifies export markets and improves infrastructure.

6. Aviation industry has to cut staff to survive

The orders to restrict flights or social distancing to prevent the spread of the COVID-19 pandemic caused many international and domestic routes to close. The tourism industry is frozen and the demand for passenger transportation declined, causing severe difficulties for the aviation market.

After the first reports of the virus, Vietnamese airlines took the initiative and optimised the use of resources. National carrier Vietnam Airlines has offered a series of solutions to reduce costs.

They have re-organised production in accordance with the narrowed market, restructuring and reorganising labour.

Vietnam Airlines reduced its ground workforce by a third in the first six months of last year. They also stopped the use of expatriate pilots, and expatriate and outsourced flight attendants.

In April 2020, when the pandemic was at its peak, the country implemented social distancing, 50 per cent of employees of Vietnam Airlines had to take unpaid leave and all employees' salaries were reduced.

In order to ensure the safety of workers, preserve resources and to be ready to grasp the market when it recovers, Le Hong Ha, General Director of Vietnam Airlines, told Thoi Bao Kinh Te Viet Nam (Vietnam Economic Times) online newspaper that they implemented policies of unpaid voluntary workers, shift patterns or part-time work, in order to adjust the scale and manpower costs.

A salary report in 2020 showed that pilots' salaries were cut by more than 50 per cent over the same period in 2019, while a plan to increase pilots' salaries periodically had to be cancelled.

The average salary of flight attendants and ground workers is estimated to have fallen by nearly 48 per cent and 44.5 per cent, respectively.

Instead of giving Tet (Lunar New Year) bonuses in cash, many Vietnamese airlines provided employees with airline tickets and vouchers.

A report by the General Statistics Office showed that although there was a seven-day Tet holiday in February and a festive month, domestic and international tourists to Viet Nam in February were

estimated at nearly 11,000 arrivals, down 38.3 per cent over the previous month and down 99.1 per cent over the same period last year due to the influence of COVID-19.

The above figures show a sharp decline in the tourism industry, seriously affecting the operation of the airline industry.

In addition to the declining number of flights and international passengers, COVID-19 has a direct impact on the business results of airlines and airline service companies.

Vietnam Airlines saw a net loss of nearly VND11 trillion (US\$478 million) last year.

Vietjet also announced poor business results. It recorded a loss of VND1.57 trillion from its core business. However, thanks to boosting international cargo transportation and other earnings, Vietjet still had net profit of VND70 billion last year, among the few airlines still turning a profit.

Not only airlines, but companies providing airline services also could not avoid losses or declines in profits.

Specifically, Noi Bai Catering Services (NCS) lost VND52 billion, while Taseco Air Services JSC (AST) lost VND54 billion.

Airports Corporation of Viet Nam (ACV), a unit that manages and operates more than 20 airports across

the country, recorded a pre-tax profit of nearly VND2.1 trillion, a sharp decrease of nearly 80 per cent compared to 2019.

According to a report on the aviation industry announced by BOS Securities Corporation, the industry has not yet been able to strongly recover.

The driving force for this year's growth is still in domestic transport and international flights, which are resuming at a slow pace.

It is expected that new international flights will be fully resumed after October this year, and the number of new international passengers will recover to a level as before the outbreak by the first quarter next year, said BOS.

It is estimated that the COVID-19 pandemic has made the world aviation industry suffer a record loss of about \$100 billion in the 2020-2021 period.

Weekly reports of IATA show that the future of the world aviation industry continues to deteriorate and is not expected to change positively until 2022.

It is forecasted that the aviation industry will recover 15 - 20 per cent in the first half of this year. However, it is not until the first half of next year that the industry profit growth can begin to recover thanks to the resumption of international routes and growth in air freight traffic.

7. VIETRADE, Sendo helping stimulate farm produce demand amid COVID-19

The Vietnam Trade Promotion Agency (VIETRADE) at the Ministry of Industry and Trade (MoIT) and e-commerce platform Sendo.vn are helping businesses to sell farm produce online and promote digital transformation and the application of technology in trade activities.

Vice Director of VIETRADE Hoang Minh Chien revealed the joint effort at a programme officially launched by the two sides on March 10.

The agency is coordinating with domestic and foreign partners to support enterprises tackling the difficulties posed by COVID-19 via improving their

abilities and establishing strategic and sustainable consumption channels for products with potential.

It has set up a “national programme of trade promotion” pavilion on Sendo.vn and a number of other platforms to promote the consumption of farm products from Hai Duong province and products of potential from other localities around the country.

The pavilion focuses on helping localities facing difficulties in selling agricultural products because of COVID-19, Chien said, adding that local authorities can register with VIETTRADE to receive information and implement associated activities.

In particular, the agency will coordinate with the departments of Industry and Trade and Agriculture and Rural Development in certain localities to help them promote their products through joining supply chains, applying e-commerce on domestic and international platforms, and building brands.

Since March 9, the programme to stimulate demand for farm produce launched by VIETRADE and Sendo has helped promote the consumption of 6 tonnes of agricultural products from Hai Duong, including cabbage, kohlrabi, tomatoes, and fruit, Chien said.

Focusing on Hanoi through Sendo, the programme is scheduled to take place in March. Accordingly, VIETRADE will help Sendo connect with suppliers of high-quality and origin-certified farm produce in Hai Duong.

Apart from introducing high-quality products to consumers, the programme also aims to raise public awareness, especially among farmers, cooperatives, and business households, about the requirements of customers in terms of production and business, and improve e-commerce and the sustainable e-commerce skills of farmers and businesses.

Corporate News

8. BID: BIDV plans to increase charter capital by over 360 million USD

↑ 0.12%

The Bank for Investment and Development of Vietnam (BIDV) plans to increase its charter capital by 8.304 trillion VND (361 million USD) to 48.5 trillion VND, up 20.6 percent against that on December 31, 2020.

The plan is expected to be submitted for approval at the bank's general shareholders' meeting 2021 on March 12 in Hanoi.

The plan includes the issuance of 207.3 million shares to pay for dividends in 2019 (5.2 percent), and 281.5 million shares to pay for dividends in 2020 (7 percent). The dividend payouts are expected to be conducted in the third and fourth quarters of this year.

In addition, BIDV plans to issue 341.5 million new shares, equivalent to 8.5 percent of the charter capital, to be sold to the public. The issuance will be carried out during 2021-2022 after getting the approval from authorized State office.

This year, the bank also sets targets of 10-12 percent in credit balance growth, 12-15 percent in capital mobilization growth, 13 trillion VND in pre-tax profits, and under 1.6 percent in the rate of bad debts.

Last year, BIDV posted pre-tax profits of over 9 trillion VND and a total asset of over 1.5 quadrillion VND, up 1.8 percent year-on-year, making it maintain a joint stock commercial bank with the biggest asset in Vietnam.

9. NVL: Explanation for 2020 audited consolidated financial statements

↓ -0.84%

No Va Land Investment Group Corporation has explained the difference of 2020 audited consolidated financial statements compared to the same period of last year as follows:

The Company's consolidated profit after tax of 2020 increased by 15.3% compared to the same period of 2019 thanks to the profit from capital

transfer of subsidiaries and investments profit in the business combination in each period compared increased compared to the same period last year.

The Company's separate profit after tax of 2020 increased by 607.36% thanks to the revenue from financial activities increased compared to the same period of last year.

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